



### Project Summary Information

Date of Document Updating: June 24, 2020	
<b>Project Name</b>	National Investment and Infrastructure Fund of Funds – I (Fund)
<b>Project Number</b>	000030
<b>AIIB member</b>	Republic of India
<b>Sector/Subsector</b>	Multi-Sector
<b>Status of Financing</b>	Approved
<b>Project Description</b>	<p>Since infrastructure investments require long-term, patient capital, the Government of India anchored the establishment of the National Investment and Infrastructure Fund Ltd (NIIFL), a fund manager that manages investments in infrastructure and related sectors in India. NIIF Limited manages over USD 4.3 billion of capital commitments across its three funds – Master Fund, Fund of Funds and Strategic Opportunities Fund, each with its distinct investment strategy. The Fund of Funds, registered with the Securities and Exchange Board of India (‘SEBI’) as NIIF Fund of Funds– I (Fund ), is in a unique and strong position to provide fillip to funds dedicated to infrastructure and related sectors in India. The Investment Strategy of the Fund is to focus on achieving appropriate diversification to earn superior risk adjusted returns through allocation across sub-funds managed by best-in-class fund managers with an India-focused investment strategy with varying sectoral, product (equity, mezzanine, debt) and investment styles (early stage, growth, control, minority). The Fund’s sectors of focus include but are not limited to green infrastructure, mid-income/affordable housing, infrastructure services, social infrastructure, urban infrastructure, industrials and telecommunications.</p>
<b>Objective</b>	The Project objective is to support private capital mobilization from institutional investors to reduce the equity financing gap in infrastructure and related sectors in India by investing in the Fund.
<b>Expected Results</b>	The Fund invests its net investible corpus in Alternative Investment Funds registered with SEBI. It seeks to achieve attractive risk-adjusted returns over the long-term by investing in funds oriented to infrastructure and related sectors on a commercial basis and managed by professional fund managers, and contributes to investment diversification across

	various infrastructure-related sectors and in companies at various stages of growth.
<b>Environmental and Social Category</b>	Category FI
<b>Environmental and Social Information</b>	<p>AIIB's Environmental and Social Policy (ESP) is applicable to the Bank's participation in the Fund. The Project has been placed in Category FI, because the financing structure involves the provision of AIIB's funds through a Financial Intermediary (FI). AIIB delegates to NIIFL the decision-making on the use of Bank funds, including the selection, appraisal, approval and monitoring of sub-funds and the oversight of their respective investments in portfolio companies, in accordance with the investment documentation and the Environmental and Social Management System (ESMS) adopted by NIIFL and approved by AIIB. The ESMS makes provisions for application of AIIB's ESP and wherever applicable, the Environmental and Social Standards to the Fund's investments.</p> <p>NIIFL has prepared an Environmental and Social Policy (E&amp;S Policy), approved by its Board and disclosed on its website, outlining four ESMS Principles covering (1) Environmental and Social Risk Assessment and Management Systems, (2) Environmental Risks and Management, (3) Human Resources Management, and (4) Social Risk and Management. A detailed ESMS procedure has been developed, defining the processes and requirements applicable to investments into Private Equity Funds (PE Funds), the processes and standards that are required to be followed by these PE Funds and the requirements applicable to their portfolio companies. AIIB has confirmed that NIIFL's E&amp;S Policy and ESMS structure constitute an appropriate system for screening and categorizing, reviewing, conducting due diligence on, managing and monitoring the environmental and social risks and impacts associated with investments funded under the Fund in a manner aligned with the requirements of the Bank's ESP.</p> <p>For all Fund investments committed after the approval of its E&amp;S Policy, and based on AIIB's prior review of the initial investments and NIIFL's reporting to date, NIIFL has conducted adequate environmental and social (E&amp;S) due diligence and applied the Fund's standards and requirements as per its ESMS to its sub-funds. NIIFL has established in-house E&amp;S resources, contracted qualified third parties to conduct E&amp;S Due Diligence on targeted PE Funds, engaged in building relevant capacity in Fund investees and conducts monitoring of sub-funds and reporting to AIIB.</p> <p>NIIFL has disclosed the Fund's three investments in sub-funds made to date on its <a href="#">webpage</a>, providing a brief description of these funds.</p>

	<p>Since the adoption of its E&amp;S Policy, the Fund Manager is required to ensure that sub-funds: (a) require all portfolio companies engaged in Category A and selected Category B sub-projects to disclose and consult on E&amp;S documentation with stakeholders, including sub-project-affected people, before finalizing the E&amp;S instruments; and (b) establish a Grievance Redress Mechanism (GRM) for all sub-projects or business activities financed using AIIB's proceeds. Respective fund managers are required to develop and maintain capacity to address inquiries from external stakeholders about their portfolio companies' E&amp;S performance, conduct regular monitoring of their portfolio companies and report to NIIFL on an annual basis.</p> <p>AIIB has provided support to NIIFL for the development of its E&amp;S Policy and ESMS framework and continues to regularly engage with NIIFL and sub-funds' managers and selected portfolio companies in the scope of NIIFL's supervision and implementation.</p>			
<b>Cost and Financing Plan</b> (in INR billion)	Target Fund Size:	65	Total AIIB Financing:	6.87 <sup>1</sup>
	<b>For Equity</b>			<b>Amount</b>
	Government of India (GoI Closing)			32.50
	AIIB (Initial Closing)			6.87
	ADB (Second Closing)			7.61
	Total			<b>46.98</b>
<b>Investment Manager</b>	National Investment and Infrastructure Fund Limited (NIIFL)			
<b>Date of last disbursement</b>	May 20, 2020			
<b>Contact Points:</b>	<b>AIIB</b>		<b>NIIFL</b>	
<b>Name</b>	Alok Dayal		Anand Unnikrishnan	
<b>Title</b>	Senior Portfolio Specialist		Managing Partner– Fund of Funds	

<sup>1</sup> AIIB has made a capital commitment of USD 100 million to the Fund

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<b>Date of Concept Decision</b>	April 28, 2017	
<b>Date of Appraisal Approval</b>	May 31, 2018	
<b>Date of Financing Approval</b>	June 24, 2018	

<b>Implementation</b>	<p>The target size of the Fund across all its investment strategies is INR 65 billion, with the Government of India (GoI) having committed capital of INR 32.5 billion (50 percent of the target fund size). AIIB committed USD 100 million to the Fund at the Initial Closing Date of March 30, 2019. The Fund raised additional USD 100 million from the Asian Development Bank (“ADB”) at the Second Closing in March 2020. New Development Bank also approved USD 100 million capital contribution to the Fund in March 2020.</p> <p>NIIFL monitors the activities of the Fund and its investment in each of the sub-funds<sup>2</sup>. The NIIFL has committed that the Fund’s respective portfolio and investment strategy are in alignment with the E&amp;S Policy and Investment Guidelines. The sub-fund managers are responsible for managing the respective sub-fund investments and operations, following the respective investment approval process and complying with the applicable requirements.</p>
<b>Independent Accountability Mechanism</b>	<p>The Project-affected People’s Mechanism (PPM) has been established by the AIIB to provide an opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIB’s failure to implement its ESP in situations when their concerns cannot be addressed satisfactorily through Project-level or subproject level GRMs or AIIB Management’s processes.</p> <p>For information on the PPM, please visit the <a href="#">PPM web page</a>.</p>

<sup>2</sup> The Fund has committed capital to Green Growth Equity Fund, HDFC Capital Affordable Real Estate 2 and Multiples Private Equity Fund III sub-funds to date.

